

Tanana Power Company, Inc.
Cost of Power Adjustment (COPA)/Small Facility Power Purchase Rate(SFPPR)/
Power Cost Equalization (PCE)
Update Memorandum

Date: **May 23, 2022**

Utility Name (Cert. No.) Tanana Power Company, Inc.	Utility File No. TA176-92	Date Filed: April 14, 2022
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FILING SUMMARY					
Statutory Deadline: May 31, 2022		Tariff Sheets recommended for approval: Tariff Sheet No. 86 Tariff Sheet No. 87 Tariff Sheet No. 80		Staff Recommended Effective Date: May 31, 2022	
		Filed on April 14, 2022 Filed on April 14, 2022 Filed on April 14, 2022			
Side-by-side Tariff Sheets attached as Appendix 4					
COPA SUMMARY					
Prior Commission Determination TA Number and Effective Date		Prior Commission Determination (\$/kWh)		Staff Recommended Determination (\$/kWh)	
				Change (\$/kWh)	
TA175-92	3/14/2022	\$ 0.1255	\$ 0.1051	\$ (0.0204)	
SFPPR SUMMARY					
Prior Commission Determination TA Number and Effective Date		Prior Commission Determination (\$/kWh)		Staff Recommended Determination (\$/kWh)	
				Change (\$/kWh)	
TA175-92	3/14/2022	\$ 0.2286	\$ 0.2259	\$ (0.0027)	
PCE SUMMARY					
Prior Commission Determination TA Number and Effective Date		Prior Commission Determination (\$/kWh)		Staff Recommended Determination (\$/kWh)	
				Change (\$/kWh)	
TA175-92	3/14/2022	0.3210	0.3016	(0.0194)	

Signed: _____

Keiba Kimp
Keiba Kimp

Utility Tariff Analyst

Reasons for the above recommendation: See Attached Memorandum

	Date, if different from 5/23/2022	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		<i>RMP</i>		
Doyle				
Kurber		<i>KML</i>		
Sullivan		<i>DS</i>		
Wilson		<i>JWW</i>		

Special Instructions to Staff: _____

* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

Tanana Power Company, Inc.
COPA/SFPPR/PCE
Update Memorandum

To: Robert M. Pickett, Chair
Robert A. Doyle
Keith Kurber II
Daniel A. Sullivan
Janis W. Wilson

Date: May 23, 2022

File: TA176-92

Utility: Tanana Power Company, Inc.

From: Keiba Kimp

Subject: COPA, SFPPR, PCE

COPA Comments:

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to COPA rates are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

Staff Notes:

The projected fuel costs decreased from \$75,024 to \$57,578. The balancing account balance decreased from \$744 to (\$3,919). The projected kWh sales decreased from 328,131 kWh to 254,893 kWh. The downward pressure from the decrease in the balancing account balance and the decrease in fuel costs offsets the upward pressure from the decrease in kWh sales, resulting in a decrease in Tanana Power Company's (TPC) COPA surcharge from \$0.1255/kWh to \$0.1051/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 86, filed April 14, 2022, by Tanana Power Company, Inc. with TA176-92. The effective date of the tariff sheet should be May 31, 2022.

SFPPR Comments:

TPC's tariff provides that the rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, plus the variable O&M expense and energy portion of purchased power expense for the same period, divided by the number of kWh sold in the most recent quarter.

Staff Notes:

TPC proposes an SFPPR of \$0.2259/kWh. This is an increase of \$0.0027/kWh from the previously approved SFPPR of \$0.2286/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 87, filed April 14, 2022, by Tanana Power Company, Inc. with TA176-92. The effective date of the tariff sheet should be May 31, 2022.

PCE Comments:

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses on the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amounts.

Staff Notes:

Staff notes that TPC met the generation efficiency levels and line loss standards set out in 3 AAC 52.620. TPC proposes a \$0.0194/kWh decrease in its PCE amount from \$0.3210kWh to \$0.3016kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 80, filed April 14, 2022, by Tanana Power Company, Inc. with TA176-92. The effective date of the tariff sheet should be May 31, 2022.

Tanana Power Company, Inc.
Calculation and Comparison of 500 kWh Bill
TA176-92

Customer Bills	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Surcharge (\$/kWh)	\$0.1255	\$0.1051	(\$0.0204)
PCE (\$/kWh)	\$0.3210	\$0.3016	(\$0.0194)
500 kWh Customer Bill			
Energy @ \$0.5693/kWh for the first 200 kWh, \$0.5372/kWh for the next 200 kWh, and \$0.4909/kWh for over 400 kWh	\$270.39	\$270.39	\$0.00
Customer Charge	\$0.00	\$0.00	\$0.00
Regulatory Cost Charge @ \$0.001016/kWh	\$0.51	\$0.51	\$0.00
Surcharge Amount (\$)	\$62.75	\$52.55	(\$10.20)
PCE Credit Amount (\$)	(\$160.50)	(\$150.80)	\$9.70
Total Customer Bill (\$)	\$173.15	\$172.65	(\$0.50)

Tanana Power Company, Inc.
Cost of Power Adjustment Amount
TA176-92

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$2.8610	\$2.8610
B	Estimated Fuel Consumption	26,223	20,125
C	Total Estimated Fuel and Power Costs (A*B)	\$75,024	\$57,578
D	Balancing Account Balance	\$744	(\$3,919.27)
E	Total (C+D)	\$75,768	\$53,657.7
F	Estimated Retail Sales	328,131	254,893
G	Projected Cost of Power (E/F)	\$0.230908	\$0.210512
H	Base Cost of Power	\$0.105428	\$0.105428
I	Cost of Power Adjustment Amount (G-H)	\$0.1255	\$0.1051

Comments	

Costs			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Per Unit Fuel Cost	\$2.8610	\$2.8610	\$0.0000
Total Fuel Cost	\$72,279.06	\$72,279.06	\$0.00
Balancing Account	\$744.31	(\$3,919.27)	(\$4,663.58)

Revenues			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Sales	311,085	311,085	-
Surcharge Revenues	\$44,146.21	\$44,146.21	\$0.00
Base Cost Revenues	\$32,797.07	\$32,797.07	\$0.00

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (May 23, 2022 13:32 AKDT)

Email: keith.kurber@alaska.gov

Signature: 
Daniel Sullivan (May 23, 2022 14:50 AKDT)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (May 23, 2022 16:04 AKDT)

Email: janis.wilson@alaska.gov

Tanana Power Company, Inc.
POWER COST EQUALIZATION
TA176-92

Calculation of Power Cost Equalization		
Line	Description	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	0.3073
B	Fuel Power Costs	0.2309
C	Total Power Costs	0.5382
D	Total Costs Less \$0.2003/kWh	0.3379
E	95% of Total Power Costs	0.3210
F	Statutory Maximum [(1-0.2003)*0.95]	0.7597
G	Lesser of E or F	0.3210
H	Customer Class Rate	
	Res./Sm. Comm./Stand-by	0.4466
	Street & Yard Lighting	0.3792
	Community Facilities	
	Commercial Over 1,000 kWh	0.3723
	Commercial Next 10,000 kWh	0.3543
	Commercial Over 20,000 kWh	0.3286
I	Power Cost Equalization - Lesser of G or H	
	All Customers	0.3210
J	Power Cost Equalization - After Reduction	100%
	All Customers	0.3210

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS - U-99-117	
2	Allowable Non-Fuel Cost	\$ 445,123
3	Twelve Month Total kWh Sales	1,453,185
4	Regulatory Cost Charge	\$ 0.001016
5	Total Non-Fuel Power Costs	0.3073
6	FUEL COSTS	
7	Current Fuel Price	\$ 2.8610
8	Estimated Fuel Consumption (gallons)	20,125
9	Estimated kWh Sales (kWh)	254,893
10	Balancing Account Balance	\$ (3,919.27)
11	Total Fuel Power Costs	0.2105
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	57,577.63
2	Balancing Account Balance	(3,919.27)
3	Total	53,658
4	Estimated Retail Sales	254,893
5	Projected Cost of Power	0.210512
6	Base Cost of Power	0.10543
7	Surcharge	0.1051

Calculation of Average Customer Class Rate per kWh									
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	COPA Surcharge (\$/kWh)	RCC (\$/kWh)	Total Rate (\$/kWh)	Total (\$)	Average Rate (\$/kWh)	Average Rate Less \$0.2003/kWh (\$/kWh)
1	Res./Sm. Comm./	0.5693	-	0.1051	0.001016	0.6754	135.08		
2	Res./Sm. Comm./	0.5372	-	0.1051	0.001016	0.6433	128.66		
3	Res./Sm. Comm./	0.4909	-	0.1051	0.001016	0.5970	59.70		
4	Res./Sm. Comm./						323.44	0.6469	0.4466
5	Street & Yard Lighting - Assuming 500 kWh		357.98	0.1051	0.001016	0.1061	358.09	0.7162	0.3792
6	Community Facilities								
7	Commercial Over 1,000 kWh	0.4665	-	0.1051	0.001016	0.5726	286.30	0.5726	0.3723
8	Commercial Next 10,000 kWh	0.4485	-	0.1051	0.001016	0.5546	277.30	0.5546	0.3543
9	Commercial Over 20,000 kWh	0.4228	-	0.1051	0.001016	0.5289	264.45	0.5289	0.3286

RCA NO. 92 136th Revised Sheet No. 80
Canceling
135th Revised Sheet No. 80

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JAN 27 2022

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

TANANA POWER COMPANY, INC.

POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community facility served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of PCE to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

NON-COMMUNITY FACILITY CUSTOMERS

SCHEDULE	PCE AMOUNT	
Residential	.3210kwh	R
Street and Yard Lighting*	.3210kwh	R

COMMUNITY FACILITY CUSTOMERS

Residential & Small Commercial	.3210kwh	R
Commercial over 1,000	.3210kwh	R
Standby Service	.3210kwh	R
Street and Yard Lighting	.3210kwh	R

Tariff Advice No. 175-92

Effective: **March 14, 2022**

Issued by: _____ Tanana Power Co., Inc.

By: _____ Title: President
Don Eller

RCA NO. 92 137th Revised Sheet No. 80
Canceling
136th Revised Sheet No. 80



TANANA POWER COMPANY, INC.

POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community facility served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of PCE to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

NON-COMMUNITY FACILITY CUSTOMERS

SCHEDULE	PCE AMOUNT	
Residential	.3016kwh	R
Street and Yard Lighting*	.3016kwh	R

COMMUNITY FACILITY CUSTOMERS

Residential & Small Commercial	.3016kwh	R
Commercial over 1,000	.3016kwh	R
Standby Service	.3016kwh	R
Street and Yard Lighting	.3016kwh	R

Tariff Advice No. 176-92

Effective:

Issued by: _____ Tanana Power Co., Inc.

By: _____ Title: President
Don Eller

RCA No. 92 87th Revised Sheet No. 86
Canceling
86th Revised Sheet No. 86

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JAN 27 2022

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

TANANA POWER COMPANY, INC.

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated costs for quarter beginning January 1, 2022

Source	Estimated Quantity	Estimated Unit Cost	\$ Total
Diesel Fuel	<u>26,223</u>	<u>2.861</u>	\$ <u>75,024</u>
Purchased power			\$ <u>0</u>
TOTAL			\$ <u>75,024</u>

2. Balance in Cost of Power Balance Account
as of : December 31, 2021 744

3. TOTAL (1 + 2) \$ 75,768

4. Estimated retail sales for quarter (kWh) 328,131

5. Projected cost of power (3 / 4) \$ 0.230909 kWh

6. Base cost of power \$ 0.105428 kWh

7. Cost of power adjustment amount \$ 0.1255 R

Tariff Advice No.: 175-92

Effective: **March 14, 2022**

Issued by: Tanana Power Co., Inc.

By: _____ Title: President
Don Eller

RCA No. 92 88th Revised Sheet No. 86
Canceling
87th Revised Sheet No. 86



TANANA POWER COMPANY, INC.

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated costs for quarter beginning April 1, 2022

Source	Estimated Quantity	Estimated Unit Cost	\$ Total
Diesel Fuel	<u>20,125</u>	<u>2.861</u>	\$ <u>57,578</u>
Purchased power			\$ <u>0</u>
TOTAL			\$ <u>57,578</u>

2. Balance in Cost of Power Balance Account
as of : March 31, 2022 (3,919)

3. TOTAL (1 + 2) \$ 53,658

4. Estimated retail sales for quarter (kWh) 254,893

5. Projected cost of power (3 / 4) \$ 0.210513 kWh

6. Base cost of power \$ 0.105428 kWh

7. Cost of power adjustment amount \$ 0.1051 R

Tariff Advice No.: 176-92

Effective:

Issued by: Tanana Power Co., Inc.

By: _____ Title: President
Don Eller

RCA NO. 92 26th Revision Sheet No. 87
Canceling
25th Revision Sheet No. 87

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JAN 27 2022

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

TANANA POWER COMPANY, INC.

SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The rate at which the Utility will purchase non-firm power from qualifying facilities with a nameplate capacity of less than 100kW.

The SFPPR, expressed in cents-per-kilowatt-hour, is determined from the sum of fuel costs and variable operations and maintenance expenses and the energy portion of purchased power expense, using the same period employed to project costs and sales in the COPA methodology, divided by the number of kilowatt-hours sold for the same time period.

Fuel Costs	\$75,024
Variable O&M Expense	\$0
Energy Portion of Purchased Power Exp	\$0
kWh Sold	328,131

The SFPPR Rate for the current period is:

$\frac{\$75,024}{328,131 \text{ kWh}} + \$0 + \$0 = \0.2286 per kWh

The SFPPR will be updated with the COPA.

Tariff Advice No.: 175-92

Effective:

March 14, 2022

Issued by: Tanana Power Co., Inc.

By: Don Eller

Title: President

RCA NO. 92 27th Revision Sheet No. 87
Canceling
26th Revision Sheet No. 87



TANANA POWER COMPANY, INC.

SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The rate at which the Utility will purchase non-firm power from qualifying facilities with a nameplate capacity of less than 100kW.

The SFPPR, expressed in cents-per-kilowatt-hour, is determined from the sum of fuel costs and variable operations and maintenance expenses and the energy portion of purchased power expense, using the same period employed to project costs and sales in the COPA methodology, divided by the number of kilowatt-hours sold for the same time period.

Fuel Costs	\$57,578
Variable O&M Expense	\$0
Energy Portion of Purchased Power Exp	\$0
kWh Sold	254,893

The SFPPR Rate for the current period is:

$\frac{\$57,578}{254,893 \text{ kWh}} + \$0 + \$0 = \0.2259 per kWh

The SFPPR will be updated with the COPA.

Tariff Advice No.: 176-92

Effective:

Issued by: Tanana Power Co., Inc.

By: Don Eller

Title: President